Siva Sankar Motors Private Limited (Revised)

February 09,2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	118.35 (Enhanced from 70.00)	CARE BB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Upgrade in the rating assigned to the bank facilities of Siva Sankar Motors Private Limited (SSMPL) is attributable to the gradual improvement in financial and operational performance in FY25 (Audited; FY refers to the period April 01 to March 31) and improvement in capital structure as on account closing date.

The ratings, however, remain constrained by its moderate scale of operations despite improvement and thin profitability margins associated with dealership business, working capital intensive nature of operations, moderate debt coverage indicators, pricing constraints and margin pressure arising due to intense competition, lack of geographical diversification, dependency on fortunes of principal [i.e., TATA Motors Limited (TML)] with low bargaining power and cyclicality associated with the automobile industry.

However, the aforesaid constraints are partially offset by experienced promoters and management, low counterparty credit risk, long-standing association with TML and established track record of SSMPL in the automobile dealership business in few districts of Andhra Pradesh (AP) and adequate liquidity position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations of ₹500 crore and above over the medium term on sustained basis.
- Improvement in capital structure marked by overall gearing ratio below 2.50x on a sustained basis.

Negative factors

- Declining scale of operations, marked by a drop in total operating income (TOI) to below ₹350 crore.
- Deterioration in the capital structure as marked by overall gearing ratio of above 3.75.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on the ratings of SSMPL reflects CARE's expectation to sustain its stable financial risk profile and profitability amidst healthy cash flow generation from operations and absence of any large debt funded capex in the medium term. Sufficient cash balances against term debt repayment obligations shall support its adequate liquidity profile.

Detailed description of key rating drivers:

Key weaknesses

Moderate of operations, despite increase witnessed in FY25

The scale of operations of the company stood modest as marked by total operating income and gross cash accruals of ₹ 314.26 crore and ₹4.03 crore, respectively in FY25. The moderate scale limits company's financial flexibility in times of stress. Further, the company's networth base was relatively small at ₹16.27 crore as on March 31,2025. The TOI of company improved by 16.63% when compared to FY24 backed by increase in sales volume.

During 9MFY26, the company achieved a TOI of ₹322.81 crore with sales of 2,256 vehicles primarily high-value models surpassing the revenue recorded for the full year FY25. The growth was further supported by higher income from service labour charges attributable to skilled technicians.

Thin profitability margins associated with dealership business

Profitability margin marked by PBILDT margin remained thin and remained in the range of 2-4% over the period FY21-FY25 owing to trading nature of operations. During FY25, the profitability margins remained similar to FY24 despite lower sales of high value cars, given the sale of Electric Vehicles (EV) where the margins are slightly better compared to other non-EV vehicles. Further, due to moderate depreciation and interest cost, profit after tax (PAT) margin also remained thin however deteriorated to 0.77% in FY25 as compared to 0.83% during FY24 and Gross cash accruals (GCA) improved to ₹4.03 crore in FY25 (FY24: ₹3.40 crore).

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Leverage capital structure and moderate debt coverage indicators
The capital structure of SSMPL remained leveraged; however, it improved with overall gearing improving to 2.71x as on March 31, 2025, from 4.17x as on March 31, 2024, supported by profit accretion to net worth. Working capital limit utilisation remained high at around 90% as on March 31, 2024, owing to the expanding scale of operations and higher inventory requirements.
Consequently, the company's debt-coverage indicators also improved, with the total debt-to-GCA (TD/GCA) strengthening to 10.92x as on March 31, 2025, compared with 16.38x as on March 31, 2024. With stable PBILDT levels, the interest coverage ratio improved but remained at a moderate level of 1.78x in FY25.

Pricing constraints and margin pressure arising out of high level of competition
Indian automobile industry is highly competitive in nature as there are large numbers of players operating in the market like Maruti Suzuki India Limited (MSIL), Tata Motors, Hyundai, Honda, Toyota etc. in the passenger vehicle segment. With the set-up cost being so low and with no major entry barriers, emergence of new dealers is very imminent and the competition it faces from existing dealers of other OEM's is very intense. To offset the same, dealers must come up with extra discounts, which creates margin pressure and negatively impact the earnings capacity of the company. Also, launch of different variants of products at competitive prices from other OEM's pose significant threat to the survival because of drop in sales on change of customer preference from one OEM to another.

Lack of Geographical diversification
The operations of SSMPL despite multiple showrooms are restricted to only few districts of Andhra Pradesh viz., Kakinada, Rajahmundry, Srikakulam, Vizianagaram and Amalapuram, and Visakhapatnam. Although company has a long track record of operation as authorised dealership of TML in these districts.

Limited bargaining power with principal automobile manufacturer
The company's business model is largely in the nature of trading wherein profitability margins are very thin. Moreover, in this business a dealer has very less bargaining power over principal manufacturer (TML). The margin on products is set at a particular level by the principal manufacturer thereby restricting the company to earn incremental income.

Cyclical nature of Auto industry
The auto industry is inherently vulnerable to economic cycles, industrial growth, investments in infrastructure and regulatory changes (emission norms, scrappage policy, overloading norms). Apart from that auto industry, in general, is highly sensitive to the interest rates and fuel prices. A hike in interest rate increases the costs associated with the purchase leading to purchase deferral. Higher fuel prices tend to shift consumer preferences to ride-sharing apps over owning a vehicle.

Key strengths

Experienced promoters in the auto- dealership business
SSMPL was incorporated by Mr. Venkata Ratnam and Mr. Veera Raghavamma, who has more than two decades of experience. The company is now run by second generation of promoters Mr. MVM Ravinder, a mechanical engineer with more than 2 decades of experience in auto dealership business and Mr. MSS Prasad a Bachelorette in Arts who looks after day-to-day activities of business. The promoters are ably supported by experienced team of finance, marketing and other personnels.

Low Counter-party credit risk
The company is not exposed to credit risk as the customer profile mainly consists of the retail customers who get their major part of the vehicle cost financed by a bank or a NBFC. The vehicle is released from the showroom only when the delivery order or the sanction letter from the bank is produced by the customer. The company is then being paid by the lender within 15 days. Hence the credit risk is mitigated.

Long-standing association with TML
Since its incorporation, SSMPL has maintained a long-standing association with TML, one of India's largest automobile manufacturers and a leading player in the passenger vehicle (PV) segment. SSMPL operates as an authorized dealer for TML's passenger vehicles and has an established presence across multiple locations, with a total of 14 showrooms—1 in Visakhapatnam, 2 in Kakinada, 2 in Rajahmundry, 2 in Srikakulam, 4 in Nellore, and 1 in Vizianagaram—along with 2 service centres. The dealership agreements with TML are executed for a tenure of two years and are renewed upon completion through mutual consent.

Improved working capital cycle despite inherently high working capital intensity
The entity operates with a working-capital-intensive business model, as reflected in its Gross Current Asset (GCA) days and working capital cycle. Nonetheless, both indicators improved in FY25, with GCA days reducing to 47 days (PY: 71 days) and the working capital cycle shortening to 50 days (PY: 63 days). The improvement was primarily driven by a sharp reduction in receivable days, even though inventory holding days increased marginally.
Inventory days rose slightly to 32 days in FY25 (PY: 29 days); however, they continue to remain comfortably lower than the typical industry benchmark for automobile trade₹ Receivable days improved significantly to 19 days (PY: 34 days), while the credit period from suppliers remained minimal at 1 day (unchanged from PY).

Net working capital (NWC) as a proportion of total capital employed moderated to 64% in FY25 (PY: 74%). Reliance on bank borrowings to fund these requirements, though still high, reduced to 79% of NWC in FY25 (PY: 84%).

Liquidity: Adequate
Liquidity of the SSMPL is adequate with gross cash accruals of ₹4.03 crore in FY25 against its long-term repayment obligation of ₹1.20 crore for FY25. While the current ratio was at 1.27x, its quick ratio remained low at 0.44x as on March 31, 2025. With growth anticipated in automobile industry, the group is estimating to generate GCA of ₹4.35 crore in FY26. Further, promoters keep infusing funds as and when required.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Auto Dealer

About the company and industry
Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Automobile and Auto Components	Automobiles	Auto Dealer

Siva Sankar Motors Private Limited (SSMPL) is Andhra Pradesh based auto dealership company incorporated in February 2008 by Mr. Venkata Ratnam and Mr. Veera Raghavamma. The company is and authorised dealer for the sale of passenger vehicles of TATA Motors Limited (TML) of 5 districts of Andhra Pradesh. The company has set up showrooms and service centres with international standards as per the New CI norms with different models of TML. It provides 3s facility (Sales, Spares and Service).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	269.44	314.26	322.81
PBILDT*	10.17	11.18	NA
Profit after tax (PAT)	2.24	2.41	NA
Overall gearing (x)	4.17	2.71	NA
Interest coverage (x)	1.66	1.78	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	8.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	March 2027	14.31	CARE BB+; Stable
Fund-based - LT-Working Capital Limits		-	-	-	96.04	CARE BB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	14.31	CARE BB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Dec-25)	1)CARE BB; Stable (12-Nov-24)	-	-
2	Fund-based - LT-Working Capital Limits	LT	96.04	CARE BB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Dec-25)	1)CARE BB; Stable (12-Nov-24)	-	-
3	Fund-based - LT-Cash Credit	LT	8.00	CARE BB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Dec-25)	1)CARE BB; Stable (12-Nov-24)	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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